Approved For Release 2007/09/04: CIA-RDP84T00301R000400010073-3 Central Intelligence

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National Intelligence Daily (Cable)

19 July 1982

Top Secret

CPAS NIDC 82-167C

25X1

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IRAN-IRAQ: Stalemate Continues (Information as of 2300 EDT) //Iran apparently lamached the second phase of its offensive on Saturday but was unable to achieve any significant gains. Tehran warmed the Arab states in the Pereian Gulf yesterday against continued military support for Iraq. Moscow may pull a large number of advisers out of the Al Basrah area.// the Iranians remain about 2 kilometers inside Iraq, and both sides are digging in around the Iranian penetration. Additional Iraqi armor, infantry, and artillery are arriving in the battle area.// Comment: //Iran now has launched three major assaults against Iraqi lines with only minimal gains. Iranian commanders will have to rethink their strategy soon, perhaps shifting their attacks to the northwest area of the Al Basrah front or along the Shatt al Arab. Iraqi units in the battle area are fatigued after six days of heavy fighting, however, and their positions are being gradually eroded by the continuing Iranian attacks.// Iranian Warning Iranian assembly speaker Rafsanjani warned yesterday that "if truckloads of arms continue to go to Iraq, then Iran will have the right to an appropriate response." Comment: //Rafsanjani's warning probably was directed against Kuwait, which is the unloading point for Soviet arms destined for Iraq. The Kuwaitis are unlikely to curtail transshipments to Iraq unless the Iranians launch continued	pproved Fo	r Release 2007/09/04 : CIA-RDP84T00301R000400010073-3 Top Secret
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a major air assault against Kuwait or win a clear victory at Al Basrah. Iran already has staged limited airstrikes against Kuwait three times during the warthe last time in October 1981but these had little impact on Kuwaiti policy.//
On Friday, Kuwait increased oil production to nearly 1 million barrels per dayalmost 200,000 barrels per day above its OPEC ceilingto permit increased shipments of petroleum products to Iraq

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	ISRAEL-LEBANON: Intermittent Firing	
	//The cease-fire continues to hold, although there were sporadic incidents of sniper fire and rocket attacks in Beirut and eastern Lebanon. The Israeli cabinet met yesterday and repeated its concern about the slow pace of the negotiations.//	25X1
	An Israeli defense spokesman yesterday reported sporadic incidents of sniper fire and rocket attacks on Israeli forces around Beirut and in the Bekaa Valley over the weekend. He said that Israeli forces would continue to observe the cease-fire but would return any fire.	25X′
	//The spokesman also emphasized that Palestinian attacks on Israeli forces in the Bekaa are emanating from Syrian-controlled areas and that Syrian intelligence officers are briefing those units before they carry out a raid. He said at least 40 attacks have occurred since 20 June, adding that he did not know "how much longer this will be accepted.//"	25X
	Comment: //The Israelis are carefully cataloging all incidents they consider cease-fire violations in the event they decide to move against the Palestinians in Beirut or the Syrians in the Bekaa.	25X′
l	the Israelis would welcome a Syrian action in eastern Lebanon because Israel could then accomplish its "objectives in that part of the country," which appear to be complete Syrian evacuation rather than a limited presence in the Bekaa.	25X1
		25X
-	Israeli Cabinet Meeting	0
	The Israeli cabinet met yesterday and was briefed on Lebanon. According to press accounts, the members agreed that the negotiations were stalled and that the PLO was simply playing for time.	25X
	continued	
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Comment: The press accounts of the cabinet meeting follow closely Prime Minister Begin's remarks at a progovernment rally this weekend that the PLO has less than 30 days to leave Beirut. The public remarks are probably intended to remind the US, prior to the visit of the Syrian and Saudi Foreign Ministers to Washington this week, of Israel's concern that negotiations not be drawn out indefinitely. Nonaligned Meeting
The nonaligned movement concluded its meeting on the Lebanon crisis with a communique that condemns Israel but contains relatively mild criticism of the US. Nonaligned moderates, led by Egypt, India, and conference host Cyprus, thwarted an attempt by Syria, Iran, and Argentina to insert a call for mandatory sanctions against the US.
the moderates were motivated by a desire not to handicap US mediation efforts in the conflict. The conference also established a nine-member mission headed by Cuba, currently chairman of the nonaligned movement, to visit Beirut and report on Israeli "atrocities." Comment: The communique's low key criticism of the US reflects the growing influence of the moderates. They have spent months organizing to dislodge radicals from the movement's leadership.

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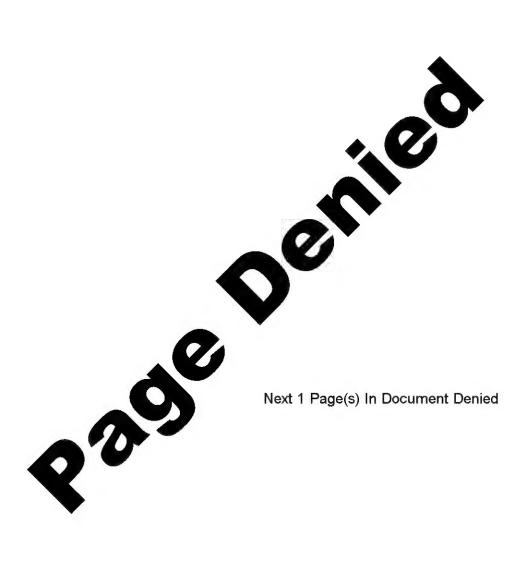
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JAPAN: Overseas Investment		
//Japanese overseas invest	ment increased substantia	110
during the fiscal year ending 3 outlays reflected the completio	31 March 1982. The record	LIY
material development projects i and an effort to appease Wester	n Asia and Latin America	
locating production facilities	in overseas markets, part	ic-
ularly in the US and the UK. L with high interest rates abroad	l also played a major role	•//
likely to slow this year. The		
the yen will make outlays more market for raw materials has ma	expensive, and the soft de many development proj-	
ects less attractive. Investme ties in the US, however, probab	ent in manufacturing facil	i-

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